
Florida Housing Finance Corporation

Credit Underwriting Report

Summer Lakes II Apartments

2005- 005S and 2005- 510C

Section A: Report Summary

Section B: SAIL and HC Program Special and General Conditions

Section C: Supporting Information and Schedules

Prepared by

First Housing Development Corporation of Florida

Final Report

May 25, 2006

Summer Lakes II Apartments

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Section A
Report Summary

Recommendation

First Housing recommends a SAIL Program loan in the amount of **\$3,000,000** and **\$1,009,576** in annual Housing Credit allocation for construction and permanent financing.

DEVELOPMENT & SET-ASIDES																									
Location	5600 Jonquil Circle Naples, Collier County, Florida 34109																								
Number of Units/Unit Mix	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;"></th> <th style="width: 25%;"></th> <th style="width: 25%;">No. of Units</th> <th style="width: 25%;">Unit Size (SF)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Bedrooms</td> <td style="text-align: center;">Baths</td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> <td style="text-align: center;">12</td> <td style="text-align: center;">705</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">2</td> <td style="text-align: center;">112</td> <td style="text-align: center;">1,078</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">2</td> <td style="text-align: center;">152</td> <td style="text-align: center;">1,275</td> </tr> <tr> <td style="text-align: center;">Totals</td> <td></td> <td style="text-align: center;">276</td> <td style="text-align: center;">322,996</td> </tr> </tbody> </table>			No. of Units	Unit Size (SF)	Bedrooms	Baths			1	1	12	705	2	2	112	1,078	3	2	152	1,275	Totals		276	322,996
		No. of Units	Unit Size (SF)																						
Bedrooms	Baths																								
1	1	12	705																						
2	2	112	1,078																						
3	2	152	1,275																						
Totals		276	322,996																						
Demographic Commitment	Family – Development will serve the general population.																								
Set Asides	100% at 60% of AMI for Housing Credits 60% (166 units) at 50% of AMI and 40% (remaining units) at 60% for SAIL																								
Set Aside Term	50 Years for SAIL and 30 Years for Housing Credits																								
County Size	Medium																								
Development Type	New Construction																								
Occupancy Rate	N/A																								
Parking	The recent site visit prepared by Consultech indicates a total of 568 required spaces with 572 spaces provided (including 25 handicap spaces), which equates to 2.07 spaces per unit.																								
Improvements	A “garden” style apartment complex consisting of 12 three-story residential structures and a single story clubhouse with an outdoor pool. Construction is wood framing with post-tensioned slab-on-grade foundations and pre-engineered flat wood trusses at raised floors.																								
Site Acre	20.234 acres per revised survey dated February 16, 2005																								
Density	13.64 units per acre																								
Zoning	PUD – Planned Unit Development																								
Flood Zone Designation	Flood Zone “X” per flood map panel 120067 215 Flood Insurance is not required.																								
DEVELOPMENT TEAM																									
Applicant/Borrower	Summer Lakes Apartments II, Ltd.																								
General Partner	Summer Lakes Apartments II, LLC (.01% General Partnership Interest)																								
Limited Partner/Syndicator	USA Institutional Tax Credit Fund XLIII, LP (99.99% Limited Partnership Interest)																								
1 st Mortgage Lender	Housing Finance Authority of Collier County																								

1 st Mortgage Credit Enhancer	Citibank, N.A.
Guarantors	Summer Lakes Apartments II, Ltd., The Richman Group Development Corp., Summer Lakes Apartments II, LLC, TRG Member, LLC and Richard P. Richman
Developer	The Richman Group of Florida, Inc., a wholly owned subsidiary of The Richman Group Development Corp.
General Contractor	First Florida, LLC
Management Company	WRMC, Inc.
FINANCING INFORMATION	
FHFC Programs	SAIL and HC Programs
Total 1 st Mtg. Loan Amount	\$22,000,000
“All in” Underwritten Interest Rate	5.450%
Term/Amortization	33 / 30
2 nd Loan Amount	\$3,000,000 (SAIL Loan)
Underwritten Interest Rate	3.34%
Term/Amortization	33 / NA
Favorable Financing Value	\$24,380,000
Stabilized Market Value	\$39,830,000
Favorable Financing Loan To Value – 1 st and 2nd Loans Combined	102.5%
Market Loan To Value - 1 st and 2nd Loans Combined	62.7%
Projected Net Operating Income	\$1,615,460
Debt Service Coverage – 1 st Mortgage	1.084
Debt Service Coverage - All debt	1.015
FHFC SAIL Loan to Total Cost	8.44%
FHFC Assistance Per Unit	\$10,870
Syndication Price	\$0.94

Construction/Permanent Sources:

Source	Lender	Construction	Permanent	Perm Loan/Unit
Tax Exempt Bonds	Collier County HFA	\$22,000,000	\$22,000,000	\$79,710
SAIL Program Loan	FHFC	\$3,000,000	\$3,000,000	\$10,870
Housing Credit Equity	Richman	\$6,503,934	\$8,902,092	\$32,254
Deferred Developer Fee	Richman	\$3,963,355	\$1,654,013	\$5,993
Deferred GC Fee	First Florida	\$88,816	\$0	\$0
Total		\$35,556,105	\$35,556,105	\$128,826

Changes from the Application:

COMPARISON CRITERIA	YES	NO
Does the level of experience of the current team equal or exceed that of the team described in the application?	x	
Are all funding sources the same as shown in the Application?	x	
Are all local government recommendations/contributions still in place at the level described in the Application?	n/a	
Is the Development feasible with all amenities/features listed in the Application?	x	
Do the site plans/architectural drawings account for all amenities/features listed in the Application?	x	
Does the Applicant have site control at or above the level indicated in the Application?	x	
Does the Applicant have adequate zoning as indicated in the Application?	x	
Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application?	x	
Have the Development costs remained equal to or less than those listed in the Application?		1
Is the Development feasible using the set-asides committed to in the Application?	x	
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation?	x	
HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application?	n/a	
HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application?	x	
Is the Development in all other material respects the same as presented in the Application?		2

(Revised 8/14/03)

The following are explanations of each item checked "No" in the table above:

1. The total development costs have increased by 11.4% since the initial application. The Underwriter finds this to be acceptable given the current increases in labor and construction costs.
2. The applicant indicated 85% of the units would be set aside at or below 60% AMI in their 2005 4% Housing Credits application. The applicant subsequently agreed to provide 100% of the units at or below 60% AMI to obtain the full benefit of the housing credit allocation. The applicant initially indicated a set aside period of 50 years for the HC. FHFC subsequently approved a request from the applicant dated January 23, 2006 to reduce this set aside to 30 years.

Does the Development Team have any FHFC Financed Developments on the Past Due/Non-Compliance Report that are not in the correction period?

According to the FHFC April 7, 2006, Asset Management Non-Compliance Report, The Richman Group has the following non-compliance item(s) that are not in the correction period:

- None

The Past Due report dated April 11, 2006 indicates that The Richman Group has the following past due item(s) that are not in the correction period:

- Under the HOME program loan for Stoddert Place/Arms, there is \$230 replacement reserve request processing fee due 3/24/06 outstanding.

Closing of the loan is conditional upon verification that any outstanding past due, and/or non-compliance items noted at the time of closing, have been satisfied.

Strengths:

1. Per the recent market study by Clobus, McLemore & Duke, Inc. ("CMD"), Collier County apartment developments have a less than 2.0% vacancy rate indicating an undersupply of existing units.
2. The principals and development team, as well as the general contractor and management group, are highly experienced in this field.
3. The Applicant and its Principals, as well as the Limited Partner/Syndicator, have sufficient experience and substantial financial resources to develop, construct and operate the proposed development.

Other Considerations:

None

Mitigating Factors:

None

Waiver Requests/Special Conditions:

None

Additional Information:

The application includes a commitment dated February 7, 2005, to purchase a 99.99% limited partnership interest in the amount of \$7,169,147 at the syndication rate of \$0.87. The amended and restated agreement of limited partnership, dated July 1, 2005, indicated a more favorable syndication rate of \$0.94.

Recommendation:

First Housing recommends that a SAIL Program loan allocation of \$3,000,000 and an annual LIHTC allocation of \$1,009,576 be awarded to Summer Lakes II Apartments for the construction and

permanent financing of this development. Based on Florida Housing's 2005 Rule 67-048, if the Applicant defers at least 35% of their developer fee for at least 6 months following construction completion, the minimum debt service coverage shall be 1.00 for SAIL loan, including all superior mortgages.

These recommendations are based upon the assumptions detailed in the Report Summary (Section A), and Supporting Information and Schedules (Section C). In addition, these recommendations are subject to the SAIL and HC Program Loan Conditions (Section B). **This recommendation is only valid for six months from the date of the report.**

The reader is cautioned to refer to these sections for complete information.

Prepared by:



Scott M. Eberhard
Senior Credit Underwriter
First Housing Development Corporation

Reviewed by:



Edward Busansky - SVP

Overview

Construction Financing Sources:

Source	Lender	Application	Revised Applicant	Underwriter	Const. Interest Rate	Amort. Yrs.	Max. Const. Term Mos.	Const. Debt Service
Tax Exempt Bonds	Collier County HFA	\$21,610,000	\$22,000,000	\$22,000,000	5.45%	0	36	\$1,199,000
SAIL Program Loan	FHFC	\$3,000,000	\$3,000,000	\$3,000,000	3.34%	0	36	\$100,311
Housing Credit Equity	Richman	\$3,340,478	\$3,340,478	\$6,503,934				
Deferred Developer Fee	Richman	\$3,953,966	\$3,963,355	\$3,963,355				
Deferred GC Fee	First Florida	\$0	\$3,212,804	\$88,816				
Total		\$31,904,444	\$35,516,637	\$35,556,105				\$1,299,311

The first mortgage loan consists of \$22,000,000 in Variable Rate Demand Multifamily Housing Revenue Bonds, Series 2005 issued by the Housing Finance Authority of Collier County. The loan closed on July 19, 2005. The permanent first mortgage lender allows for a maximum construction term of up to 36 months. Citibank, N.A., the first mortgage lender has issued an Irrevocable Letter of Credit ("LOC"), dated July 12, 2005 in the amount of \$22,253,200. This LOC is between Summer Lakes Apartments II, Ltd. and Citibank, N.A., which secures the \$22,000,000 outstanding bonds and provides for \$253,200 which may be drawn upon for up to 35 days of accrued interest. The term of the LOC is for 36 months, expiring July 20, 2008, and allows for one 15 year extension. Note that the interest rate, for underwriting purposes, shall remain the same during construction and permanent financing. The "all in" underwritten rate is 5.45% and consists of 220 basis points base rate, 200 basis points underwriting spread, 100 basis points LOC fee, 12 basis points for interest rate cap escrow and 13 basis points which include remarketing, trustee and servicing fees.

Second Mortgage SAIL Program Structure:

The applicant has applied to Florida Housing for a \$3,000,000 SAIL construction/permanent loan to finance this development. The SAIL loan is co-terminus with the first mortgage, as requested by the syndicator, and as permitted by the SAIL Rule. It is non-amortizing and bears 3% simple interest per annum. Annual payments of all applicable fees are required. In addition and to the extent that development cash flow is available, interest payments at the 3% rate are required. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL loan, all principal and unpaid interest will be due. This credit underwriting assumes interest payments at 3.34% (simple interest rate plus applicable fees). Available SAIL loan funds are drawn pro rata with the First Mortgage loan during construction.

As of March 28, 2006, the property is currently 41% complete and on schedule.

Additional Sources of Funds for this development during construction are the SAIL Program loan as well as Deferred Developer Fees and/or Developer's Equity, if necessary.

Based on the Amended and Restated Agreement of Limited Partnership dated July 1, 2005, total HC equity in the amount of \$6,503,934 will be available during the construction period. The first installment was funded with \$2,629,824 at closing and the remainder of the installment in the amount of \$3,274,110 and the second installment in the amount of \$600,000 will be funded during construction. As of the 11th draw in May 2006, \$4,045,246 (or 45% of the total HC equity) has been drawn on the

project. This satisfies FHFC requirement that at least 35% of the HC equity must be funded to the development prior to closing.

In order to cover any remaining shortfalls in funding, and after receipt of all available Loan proceeds and HC Equity contributions, the developer will be required to defer \$3,963,355 or 100% of available developer fees during construction and \$88,816 of the profit portion (\$955,613) of the general contractor fees since the contractor is a partner of the developer.

Permanent Financing Sources:

Source	Lender	Application	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt Service
Tax Exempt Bonds	Collier County HFA	\$21,610,000	\$22,000,000	\$22,000,000	5.45%	30	33.00	\$1,490,692
SAIL Program Loan	FHFC	\$3,000,000	\$3,000,000	\$3,000,000	3.34%	N/A	33.00	\$100,311
Housing Credit Equity	Richman	\$7,116,118	\$8,902,092	\$8,902,092				
Deferred Developer Fee	Richman	\$178,326	\$1,614,545	\$1,654,013				
Total		\$31,904,444	\$35,516,637	\$35,556,105				\$1,591,003

First Mortgage Loan Structure:

The first mortgage loan consists of \$22,000,000 in Variable Rate Demand Multifamily Housing Revenue Bonds, Series 2005 issued by the Housing Finance Authority of Collier County. This loan closed on July 19, 2005. The permanent first mortgage lender allows for a maximum construction term of up to 36 months. Citibank, N.A., the first mortgage lender has issued an Irrevocable Letter of Credit (“LOC”), dated July 12, 2005 in the amount of \$22,253,200. This LOC is between Summer Lakes Apartments II, Ltd. and Citibank, N.A., which secures the \$22,000,000 outstanding bonds and provides for \$253,200 which may be drawn upon for up to 35 days of accrued interest. The term of the LOC is for 36 months, expiring July 20, 2008, and allows for one 15 year extension. Note that the interest rate, for underwriting purposes, shall remain the same during construction and permanent financing. The “all in” underwritten rate is 5.45% and consists of 220 basis points base rate, 200 basis points underwriting spread, 100 basis points LOC fee, 12 basis points for interest rate cap escrow and 13 basis points which include remarketing, trustee and servicing fees.

The owner has entered into a 5-year interest rate cap agreement, effective August 15, 2006, in the amount of \$22,000,000 with a cap rate at 5.29% per annum at a cost of \$212,000.

Second Mortgage SAIL Program Structure:

The applicant has applied to Florida Housing for a \$3,000,000 SAIL construction/permanent loan to finance this development. The SAIL loan is co-terminus with the first mortgage, as requested by the syndicator, and as permitted by the SAIL Rule. It is non-amortizing and bears 3% simple interest per annum. Annual payments of all applicable fees are required. In addition and to the extent that development cash flow is available, interest payments at the 3% rate are required. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL loan, all principal and unpaid interest will be due. This credit underwriting assumes interest payments at 3.34% (simple interest rate plus applicable fees). Available SAIL loan funds are drawn pro rata with the First Mortgage loan during construction.

Other Permanent Sources of Funds:

As noted, in addition to the proposed bonds, the development is financed by syndication proceeds from the sale of housing credits (“HC”). Since the subject received tax-exempt bonds greater than 50% of cost, it is applying for 4% federal credits. Based on the Amended and Restated Agreement of Limited Partnership dated July 1, 2005, the syndicator is proposing to purchase a 99.99% interest in the development partnership. The syndication price is \$0.94 per housing credit dollar. As of the 11th draw in May 2006, \$4,045,246 (or 45% of the total HC equity) has been drawn on the project. This satisfies FHFC requirement that at least 35% of the HC equity must be funded to the development prior to construction closing. The equity contribution schedule is summarized as follows:

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	\$2,629,824	29.5%	Admission of the Limited Partner
Balance 1st Installment	\$3,274,110	36.8%	Sub-installments payable as costs are incurred
2nd Installment	\$600,000	6.7%	Receipt of an estoppel letter stating no uncured default exists and delivery of Schedule B signed by the General Partner
3th Installment	\$2,398,158	26.9%	Breakeven operations and completion of final cost certification.
Total	\$8,902,092	100%	

Annual Credit Per Syndication Agreement: \$947,126

Total Credit Per Syndication Agreement: \$8,902,092

Calculated HC Exchange Rate: \$0.94

Limited Partner Ownership Percentage: 99.99%

Proceeds During Construction \$6,503,934

Deferred Developer Fee

In order to cover any remaining shortfall in funding during the permanent stage, the applicant will be required to defer \$1,654,013 of total developer fees after all available syndication proceeds have been disbursed.

Uses of Funds

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Actual Construction Cost				
New Rental Units	\$12,644,934	\$14,933,322	\$14,933,322	\$358,400
Actual Construction Cost	\$12,644,934	\$14,933,322	\$14,933,322	\$358,400
General Contractor Fees (Max 14%)	\$1,707,066	\$1,911,678	\$1,911,678	
Total Construction Contract Amount	\$14,352,000	\$16,845,000	\$16,845,000	\$358,400
Other: Cable Installation	\$0	\$80,000	\$80,000	
Other: Hard Cost Contingency	\$717,600	\$846,250	\$846,250	
Total Actual Construction Cost	\$15,069,600	\$17,771,250	\$17,771,250	\$358,400

1. First Housing has been provided with an executed General Contracting ("GC") contract between the Owner, Summer Lakes Apartments II, Ltd., and the General Contractor, First Florida, LLC, dated May 28, 2005. The AIA General Contract is a Standard Form of Agreement where the basis of payment is a Stipulated Sum. Per this contract, the total projected construction estimate is in the amount of \$16,845,000. It should be noted, however, that the building industry has experienced recent substantial increases in the cost of lumber, drywall, concrete, and steel, which may have contributed to the higher cost estimates. A minimum of 10% retainage holdback on all construction draws until the Development is 50% completed, and 0% retainage thereafter. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy. The GC contract indicates a 10% retainage holdback through substantial completion. The hard cost contingency in the amount of \$846,250 equals 5% of the total construction contract. The contract indicates construction will take up to 14 months to complete.
2. General Contractor's fees are within the maximum (14%) allowed by all applicable program standards.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
General Development Costs				
Accounting Fees	\$20,000	\$20,000	\$20,000	
Appraisal & Market Study	\$14,000	\$11,114	\$11,114	
Architect/Engineer/Survey Fee	\$195,000	\$162,290	\$162,290	
Builder's Risk Insurance	\$118,286	\$314,591	\$314,591	
Building Permit Fees	\$118,286	\$249,021	\$249,021	
Engineering Fees	\$100,000	\$142,744	\$142,744	
Environmental Report	\$8,000	\$20,100	\$20,100	
FHFC Application Fee	\$2,000	\$2,000	\$2,000	
FHFC Administrative Fee	\$68,546	\$71,799	\$80,766	\$80,766
FHFC Compliance Fee	\$89,842	\$110,186	\$115,570	\$115,570
FHFC Credit Underwriting Fee	\$9,000	\$9,000	\$14,117	
Survey	\$8,000	\$15,650	\$15,650	
Inspection Fees/Construction Admin.	\$24,000	\$24,000	\$24,000	
Legal Fees	\$259,000	\$246,265	\$246,265	\$204,400
Marketing and Advertising	\$248,000	\$252,266	\$252,266	\$252,266
Property Taxes	\$55,000	\$55,063	\$55,063	
Soil Test	\$6,000	\$8,000	\$8,000	
Impact Fees	\$1,807,050	\$1,966,182	\$1,966,182	
Title Insurance	\$77,280	\$134,363	\$134,363	
Utility Connection	\$1,015,680	\$1,022,298	\$1,022,298	
Other - Soft Cost Contingency	\$150,000	\$0	\$0	
Other - Dumpster/Signage	\$0	\$55,000	\$55,000	
Other - Closed Circuit Camera/Gates	\$0	\$30,000	\$30,000	
Other - Furnishings Equipment	\$0	\$95,000	\$95,000	\$95,000
Total General Development Costs	\$4,392,970	\$5,016,932	\$5,036,400	\$748,002

Notes to the General Development Costs:

1. General Development Costs are based on the applicant's updated estimates, as of May 9, 2006, which appear to be reasonable.
2. The Underwriter has used a total of \$115,570 for FHFC HC compliance monitoring fee based on the applicable fee schedule. Furthermore, FHFC administration fee is estimated at \$80,766 based on 8% of the first year annual credit allocation.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Financial Costs				
Construction Loan Closing Cost	\$17,000	\$18,500	\$18,500	\$18,500
Construction Loan Origination Fee	\$216,164	\$184,332	\$184,332	\$46,083
Construction Loan Interest	\$1,945,473	\$2,041,203	\$2,041,203	\$510,301
Construction Loan Credit Enhancement	\$475,560	\$483,646	\$483,646	\$120,912
Interest Rate Cap	\$0	\$212,000	\$212,000	\$0
SAIL Loan Closing Costs	\$0	\$0	\$20,000	
SAIL Loan Fee	\$0	\$10,000	\$30,000	\$0
Permanent Loan Closing Cost	\$237,780	\$62,500	\$42,500	\$62,500
Permanent Loan Credit Enhancement	\$151,315	\$145,850	\$145,850	\$145,850
Other-soft cost contingency	\$80,000	\$0	\$0	\$0
Total Financial Costs	\$3,123,292	\$3,185,631	\$3,205,631	\$904,145

Notes to the Financial Costs:

1. Cost of issuance fees reflect financing costs from the Applicant.
2. Since this is a new construction development, there are no non-land acquisition costs.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Development Cost Before Developer Fee and Land Costs	\$22,585,862	\$25,973,813	\$26,013,281	\$2,010,547
Other Development Costs				
Developer Fee	\$3,955,482	\$3,963,355	\$3,963,355	
Total Developer's Fee	\$3,955,482	\$3,963,355	\$3,963,355	\$0

Notes to the Other Development Costs:

1. The recommended Developer's fee is less than or equal to 18% of Total Development Cost before Land, and Developer's Fee.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Land Acquisition Costs				
Land	\$5,363,100	\$5,579,469	\$5,579,469	\$5,579,469
Total Land Acquisition Costs	\$5,363,100	\$5,579,469	\$5,579,469	\$5,579,469

Notes to Total Land Acquisition Cost:

1. The Market Value of the fee simple interest in the subject site, "As if Vacant", is \$5,780,000 which supports the land acquisition purchase price.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Total Development Costs	\$31,904,444	\$35,516,637	\$35,556,105	\$7,590,016

Notes to Total Development Cost:

1. Applicant's current cost estimate is significantly higher (11.4% increase) than originally indicated in the Application; which is primarily attributed to the fact that the building industry overall has experienced recent substantial increases in the cost of lumber, drywall, concrete, and steel. The increases in cost are proposed to be covered with additional syndication proceeds.

OPERATING PRO FORMA

DESCRIPTION	Annual	Per Unit
Revenue		
Gross Potential Rental Revenue	\$2,701,620	\$9,788
Other Income		
Washer/Dryer Rentals	\$81,144	\$294
Cable TV	\$31,795	\$115
Miscellaneous Income	\$48,300	\$175
Gross Potential Income	\$2,862,859	\$10,373
Less:		
Vacancy and Collection Loss (5%)	\$143,143	\$519
Total Effective Gross Revenue	\$2,719,716	\$9,854
Expenses		
Fixed:		
Real Estate Taxes	\$225,427	\$817
Insurance	\$138,000	\$500
Variable:		
Management Fee (4%)	\$108,789	\$394
General and Administrative	\$55,200	\$200
Payroll Expenses	\$231,840	\$840
Utilities	\$179,400	\$650
Marketing and Advertising	\$20,700	\$75
Maintenance and Repairs	\$62,100	\$225
Reserve for Replacements	\$27,600	\$100
Contract Services	\$55,200	\$200
Total Expenses	\$1,104,256	\$4,001
Net Operating Income	\$1,615,460	\$5,853
Total Operating Income	\$1,615,460	\$5,853
Debt Service Payments		
First Mortgage - Bonds (Tax-Exempt)	\$1,490,692	\$5,401
Second Mortgage- SAIL Loan	\$100,311	\$363
Total Debt Service Payments	\$1,591,003	\$5,765
Operating Income After Debt Service	\$24,458	\$89

Debt Service Coverage Ratios	
DSC - First Mortgage (Tax-Exempt Bonds)	1.084
DSC - First & Second Mortgages	1.015
DSC - All Loans plus Fees	1.015

Financial Ratios	
Operating Expense Ratio	41%
Break-even Ratio	94%

Notes to the Operating Pro Forma and Ratios:

1. Gross Potential Rental Revenue is based upon 2006 Florida Housing published restricted rents less utility allowance as required by the HC Program. The Appraiser has confirmed these rents are achievable. Note that the Applicant is requesting SAIL funds; which is income restricted but does not impose any rent restrictions. However, the developer has applied for HC, which will impose rent restrictions, which are reflected here. 5% of the units will be set aside at 40% AMI to comply with the requirements for the Collier County Bonds. Below is the rent roll for the subject property:

Naples-Marco Island MSA (Collier County)

Beds	Baths	No. of Units	Unit Size (SF)	Income %	Gross HC	Utility Allowance	Max Net HC Rents	Underwriter Rents	Annual Rents
1	1	1	705	40%	\$523	\$77	\$446	\$446	\$5,352
1	1	6	705	50%	\$654	\$77	\$577	\$577	\$41,544
1	1	5	705	60%	\$785	\$77	\$708	\$708	\$42,480
2	2	6	1,078	40%	\$628	\$85	\$543	\$543	\$39,096
2	2	62	1,078	50%	\$785	\$85	\$700	\$700	\$520,800
2	2	44	1,078	60%	\$942	\$85	\$857	\$857	\$452,496
3	2	8	1,275	40%	\$726	\$94	\$632	\$633	\$60,768
3	2	83	1,275	50%	\$907	\$94	\$813	\$814	\$810,744
3	2	61	1,275	60%	\$1,089	\$94	\$995	\$995	\$728,340
Totals		276	322,996						\$2,701,620

2. The 5% vacancy and collection loss rate is based on First Housing's estimate of sustainable economic occupancy; which is supported by the appraiser.
3. Other Income is comprised of Washer/Dryer rentals, Cable TV and Miscellaneous income. Washer/Dryer Rental Income, Cable Income, and miscellaneous income are based upon the Appraiser's estimate. Washer/Dryer income is estimated at \$81,144 annually, based on a net fee of \$35 per unit per month with 70% penetration, and Cable Income is estimated at \$31,795 annually, based on a net fee of \$12 per unit per month with 80% penetration. Miscellaneous income is estimated at \$48,300 annually and is based on a net \$14.58 per unit per month which includes Application Fees, Pet Fees, Telephone/Data Line Income, Late Fees, Cancellation Fees, Forfeited Deposits, Vending Income, and income from other miscellaneous sources. This income is based upon actual comparable data reviewed by the Appraiser.
4. Based upon operating data from comparable properties, third party reports (primarily the preliminary data provided by the appraiser and market study), and the credit underwriter's independent due diligence; FHDC represents that, in our professional opinion, estimates for rental income, vacancy and loss allowances, other income, and operating expenses fall within a band of reasonableness.
5. The management agreement stipulates a fee of 5% however, the developer has indicated that they are renegotiating the agreement with the management company at 4% plus an incentive fee of up to 1%. The Underwriter has used the 4% fee in calculating operating expenses. First Housing is requiring satisfactory receipt and review of the new management agreement prior to closing.

6. The Appraiser estimated the reserves for replacement escrow at \$200 per unit. Applicant has opted to pre-pay Replacement Reserves, as allowed per Rule 67-048.12, F.A.C., in the amount of \$55,200 (one-half the required Replacement Reserves for Years 1 and 2), in order to meet the SAIL Program DSC requirement.
7. The Applicant requested SAIL Loan funds in the amount of \$3,000,000, based upon an anticipated NOI of \$1,615,460 the subject development can support the recommended SAIL Program Loan of \$3,000,000 at a combined minimum DSC of 1.00:1. If at closing of the SAIL Program Loan the annual underwritten "combined" debt service exceeds \$1,615,460 , the First Mortgage Loan will have to be reduced so that annual Debt Service does not exceed \$1,615,460 .
8. Refer to Exhibit 1, Page 1 for a 15-Year Pro Forma, which reflects rental income increasing at an annual rate of 3%, and expenses increasing at an annual rate of 4%.

Section B

SAIL & HC Program Loan Special and General Conditions

Special Conditions

This recommendation is contingent upon the review and approval of the following items by the Servicer and Florida Housing **at least two (2) weeks** before closing. Failure to receive approval of these items within this time frame may result in postponement of the closing date.

1. The developer is only allowed to draw a maximum of 33% of the total developer fee (if available) during construction, which is determined to be “developer’s overhead”. No more than 33% of “developer’s overhead” will be funded at closing. The remainder of the “developer’s overhead” will be disbursed during construction on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by FHFC and Servicer. The remaining 67% of total developer fee (if available) shall be considered attributable to “developer’s profit”, and may not be funded until the development is 100% completed, and only after retainage has been released.
2. In order to comply with the SAIL requirement of 1.00 DSC, the Applicant is required to defer at least 35% of their Developer Fee for at least 6 months following construction completion.
3. Consultech and Associates, Inc. is to act as Florida Housing’s inspector during the construction period.
4. Revised Pre Construction Analysis Report confirming that all features and amenities (see Exhibit II) are being met.
5. Satisfactory receipt and review of a management agreement indicating a 4% management fee with up to 1% incentive fee.
6. Satisfactory receipt and review of banking references for Richard Richman.

General Conditions

This recommendation is contingent upon the review and approval of the following items by the Servicer and Florida Housing **at least two (2) weeks** before closing. Failure to receive approval of these items within this time frame may result in postponement of the closing date.

1. Borrower to comply with any and all recommendations noted in the pre-construction analysis which has been prepared by Consultech, if applicable.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing, and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.
3. Building permits and any other necessary approvals and permits (e.g., final site plan approval, water management district, Department of Environmental Protection, Army

Corps of Engineers, Department of Transportation, etc.). An acceptable alternative to this requirement is receipt and satisfactory review of a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.

4. The final "as permitted" (signed and sealed) site plans, building plans, and specifications. The Geotechnical Report must be bound within the final plans and specifications.
5. Final sources and uses of funds itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction interest based on the final draw schedule (see below), documentation of the closing costs, and draft loan closing statement must also be provided. The final sources and uses of funds schedule will be attached to the Loan Agreement as the approved Development budget.
6. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. SAIL Program loan proceeds shall be disbursed during the construction phase in an amount per Draw which does not exceed the ratio of the SAIL loan to the Total Development Cost, net of deferred developer fees, unless approved by the Credit Underwriter. The closing draw must include appropriate backup and ACH wiring instructions.
7. Evidence of general liability, flood (if applicable), builder's risk and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee/Mortgagee, with coverages, deductibles and amounts satisfactory to Florida Housing.
8. If the development is not 100% lien-free completed, a 100% Payment and Performance Bond or a Letter of Credit (LOC) in an amount not less than 25% of the construction contract is required in order to secure the construction contract between the GC and the Borrower. In either case, Florida Housing must be listed as co-obligee. The P&P bonds must be from a company rated at least "A-" by A.M. Best & Co with a financial size category of at least FSC VI. FHFC, and/or legal counsel must approve the source, amount(s) and all terms of the P&P bonds, or LOC. **If the LOC option is utilized, the LOC must include "evergreen" language and be in a form satisfactory to Florida Housing, its Servicer and its Legal Counsel.**
9. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing will be required for both design and as-built with respect to Section 504, ADA, and the Federal Fair Housing Act requirements if applicable.

This recommendation is contingent upon the review and approval of the following items by Florida Housing and its legal counsel **at least two (2) weeks** before closing. Failure to receive approval of these items, along with all other items listed on Florida Housing counsel's due diligence list, within this time frame may result in postponement of the closing date.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/managers(s) of the Borrower, the guarantors, and any limited partners of the Borrower.

2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.
3. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of closing, unless otherwise approved by Florida Housing, and legal counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations noted in the Environmental Assessment(s) and Update and the Environmental Review, if applicable
4. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Loan naming FHFC as the insured. All endorsements required by FHFC shall be provided.
5. Florida Housing and its legal counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loan have been satisfied.
6. Evidence of general liability, flood (if applicable), builder's risk, and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee/Mortgagee, in coverage, deductibles and amounts satisfactory to Florida Housing.
7. Receipt of a legal opinion from the Borrower's legal counsel acceptable to Florida Housing addressing the following matters:
 - a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, of any corporate guarantor and any manager.;
 - b. Authorization, execution, and delivery by the Borrower and the guarantors, of all Loan documents;
 - c. The Loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
 - d. The Borrower's and the guarantor's execution, delivery and performance of the loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership Agreement and;
 - e. Such other matters as Florida Housing or its legal counsel may require.

8. Evidence of compliance with local concurrency laws.
9. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by Florida Housing or its legal counsel in form and substance acceptable to Florida Housing or its legal counsel, in connection with the Loan.
10. UCC Searches for the Borrower, its partnerships, as requested by counsel.
11. Any other reasonable conditions established by Florida Housing and its legal counsel.

This recommendation is also contingent upon the following additional conditions.

1. Compliance with all provisions of Sections 420.507(22) and 420.5087, Florida Statutes, Rule Chapter 67-48, F. A. C.
2. Acceptance by the Borrower and execution of all documents evidencing and securing the Loan in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note, the Loan Agreement, the Mortgage and Security Agreement, and the Land Use Restriction Agreement.
3. At all times there will be un-disbursed loan funds (collectively held by Florida Housing, First Lender and any other sources) sufficient to complete the Development. If at any time there are not sufficient funds (held by Florida Housing, First Lender and any other sources) to complete the Development, the Borrower will be required to expend additional equity on Development costs or to deposit additional equity with Florida Housing which is sufficient (in Florida Housing's judgment) to complete the Development before additional Loan funds are disbursed. This condition specifically includes escrowing at closing all syndication and other equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.
4. If applicable, Guarantors to provide the standard FHFC Construction Completion Guarantee; to be released upon lien-free completion as approved by the Servicer.
5. Guarantors to provide the standard FHFC Operating Deficit Guarantees; to be released upon achievement of 1.00 combined debt service coverage for the first mortgage and the SAIL Loan for six consecutive months.
6. Guarantors to provide the standard FHFC Environmental Indemnity.
7. Guarantors to provide the standard FHFC Guaranty of Recourse Obligations.
8. A mortgagee title insurance policy naming Florida Housing as the insured in the amount of the Loan is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its legal counsel.
9. Property tax and hazard insurance escrow are to be established and maintained by the First Lender or the Servicer. In the event the reserve account is held by Florida Housing's loan servicing agent, the release of funds shall be at Florida Housing's sole discretion.

10. Replacement Reserves in the amount of \$200 per unit per year will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee or Florida Housing's loan servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per Rule 67-048.12, F.A.C. Applicant can waive this election, if at closing of the SAIL Loan the required DSC is met without the need to exercise the option. An inflation factor based upon the Consumer Price Index will be applied to the Replacement Reserve deposit beginning in Year 7, unless waived or reduced in the event Obligor provides a Physical Needs Study prepared by an independent third party acceptable to FHFC that evidences an increase in the deposit is excessive or unnecessary.
11. A minimum of 10% retainage holdback on all construction draws until the Development is 50% completed, and 0% retainage thereafter. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy. The GC contract indicates a 10% retainage holdback through substantial completion.
12. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or Servicer, if applicable.
13. Closing of the SAIL Program loan is conditional upon verification that any outstanding past due, and/or non-compliance items applicable to The Richman Group have been satisfied at the time of closing.
14. Any other reasonable requirements of the Servicer, Florida Housing or its legal counsel.

Housing Credit Allocation Recommendation

First Housing Development Corporation has recommended a preliminary annual HC allocation of \$1,009,576. Please see the HC Allocation Calculation in Exhibit 4 of this report for further details.

Contingencies

The HC allocation will be contingent upon the receipt and satisfactory review of the following items by First Housing and Florida Housing by the deadline established in the Preliminary Determination. Failure to submit these items within this time frame may result in forfeiture of the HC Allocation.

1. Closing of the SAIL Loan consistent with the assumptions of this Credit Underwriting Report.
2. Building permits and any other necessary approvals and permits (e.g., final site plan approval, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.).
3. Purchase of the HC's by USA Institutional Tax Credit Fund XLIII, LP or an affiliated entity, under terms consistent with assumptions of this report.
4. Any other reasonable requirements of Florida Housing.

Summer Lakes II Apartments
15-Year Cash Flow

DESCRIPTION	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
Income															
Gross Potential Rental Revenue	\$2,701,620	\$2,782,669	\$2,866,149	\$2,952,133	\$3,040,697	\$3,131,918	\$3,225,876	\$3,322,652	\$3,422,331	\$3,525,001	\$3,630,751	\$3,739,674	\$3,851,864	\$3,967,420	\$4,086,443
Other Income															
Washer/Dryer Rentals	\$81,144	\$83,578	\$86,086	\$88,668	\$91,328	\$94,068	\$96,890	\$99,797	\$102,791	\$105,875	\$109,051	\$112,322	\$115,692	\$119,163	\$122,738
Cable TV	\$31,795	\$32,749	\$33,731	\$34,743	\$35,786	\$36,859	\$37,965	\$39,104	\$40,277	\$41,485	\$42,730	\$44,012	\$45,332	\$46,692	\$48,093
Miscellaneous Income	\$48,300	\$49,749	\$51,241	\$52,779	\$54,362	\$55,993	\$57,673	\$59,403	\$61,185	\$63,021	\$64,911	\$66,858	\$68,864	\$70,930	\$73,058
Gross Potential Income	\$2,862,859	\$2,948,745	\$3,037,207	\$3,128,323	\$3,222,173	\$3,318,838	\$3,418,403	\$3,520,955	\$3,626,584	\$3,735,382	\$3,847,443	\$3,962,866	\$4,081,752	\$4,204,205	\$4,330,331
Less:															
Vacancy and Collection Loss (5%)	\$143,143	\$147,437	\$151,860	\$156,416	\$161,109	\$165,942	\$170,920	\$176,048	\$181,329	\$186,769	\$192,372	\$198,143	\$204,088	\$210,210	\$216,517
Total Effective Gross Revenue	\$2,719,716	\$2,801,308	\$2,885,347	\$2,971,907	\$3,061,064	\$3,152,896	\$3,247,483	\$3,344,908	\$3,445,255	\$3,548,613	\$3,655,071	\$3,764,723	\$3,877,665	\$3,993,995	\$4,113,815
Expenses															
Fixed:															
Real Estate Taxes	\$225,427	\$236,698	\$248,533	\$260,960	\$274,008	\$287,708	\$302,094	\$317,198	\$333,058	\$349,711	\$367,197	\$385,557	\$404,835	\$425,076	\$446,330
Insurance	\$138,000	\$138,000	\$138,000	\$138,000	\$138,000	\$138,000	\$138,000	\$138,000	\$138,000	\$138,000	\$138,000	\$138,000	\$138,000	\$138,000	\$138,000
Variable:															
Management Fee (4%)	\$108,789	\$140,065	\$144,267	\$148,595	\$153,053	\$157,645	\$162,374	\$167,245	\$172,263	\$177,431	\$182,754	\$188,236	\$193,883	\$199,700	\$205,691
General and Administrative	\$55,200	\$57,960	\$60,858	\$63,901	\$67,096	\$70,451	\$73,973	\$77,672	\$81,556	\$85,633	\$89,915	\$94,411	\$99,131	\$104,088	\$109,292
Payroll Expenses	\$231,840	\$243,432	\$255,604	\$268,384	\$281,803	\$295,893	\$310,688	\$326,222	\$342,533	\$359,660	\$377,643	\$396,525	\$416,351	\$437,169	\$459,027
Utilities	\$179,400	\$188,370	\$197,789	\$207,678	\$218,062	\$228,965	\$240,413	\$252,434	\$265,056	\$278,308	\$292,224	\$306,835	\$322,177	\$338,285	\$355,200
Marketing and Advertising	\$20,700	\$21,735	\$22,822	\$23,963	\$25,161	\$26,419	\$27,740	\$29,127	\$30,583	\$32,112	\$33,718	\$35,404	\$37,174	\$39,033	\$40,985
Maintenance and Repairs	\$62,100	\$65,205	\$68,465	\$71,889	\$75,483	\$79,257	\$83,220	\$87,381	\$91,750	\$96,337	\$101,154	\$106,212	\$111,523	\$117,099	\$122,954
Reserve for Replacements	\$27,600	\$27,600	\$55,200	\$55,200	\$55,200	\$55,200	\$55,200	\$56,856	\$58,562	\$60,319	\$62,128	\$63,992	\$65,912	\$67,889	\$69,926
Contract Services	\$55,200	\$57,960	\$60,858	\$63,901	\$67,096	\$70,451	\$73,973	\$77,672	\$81,556	\$85,633	\$89,915	\$94,411	\$99,131	\$104,088	\$109,292
Total Expenses	\$1,104,256	\$1,177,026	\$1,252,396	\$1,302,470	\$1,354,962	\$1,409,989	\$1,469,331	\$1,531,513	\$1,596,673	\$1,664,955	\$1,736,511	\$1,811,502	\$1,890,094	\$1,972,463	\$2,058,794
Net Operating Income	\$1,615,460	\$1,624,282	\$1,632,951	\$1,669,437	\$1,706,103	\$1,742,908	\$1,778,152	\$1,813,394	\$1,848,582	\$1,883,658	\$1,918,560	\$1,953,221	\$1,987,571	\$2,021,531	\$2,055,020
Debt Service Payments															
First Mortgage - Bonds (Tax-Exempt)	\$1,490,692	\$1,490,692	\$1,490,692	\$1,490,692	\$1,490,692	\$1,490,692	\$1,490,692	\$1,490,692	\$1,490,692	\$1,490,692	\$1,490,692	\$1,490,692	\$1,490,692	\$1,490,692	\$1,490,692
Second Mortgage- SAIL Loan	\$100,311	\$100,311	\$100,311	\$100,311	\$100,311	\$100,311	\$100,311	\$100,311	\$100,311	\$100,311	\$100,311	\$100,311	\$100,311	\$100,311	\$100,311
Total Debt Service Payments	\$1,591,003	\$1,591,003	\$1,591,003	\$1,591,003	\$1,591,003	\$1,591,003	\$1,591,003	\$1,591,003	\$1,591,003	\$1,591,003	\$1,591,003	\$1,591,003	\$1,591,003	\$1,591,003	\$1,591,003
Operating Income After Debt Service	\$24,458	\$33,279	\$41,948	\$78,434	\$115,100	\$151,905	\$187,149	\$222,392	\$257,580	\$292,655	\$327,557	\$362,218	\$396,568	\$430,529	\$464,018
DSC - First Mortgage (Tax-Exempt Bonds)	1.084	1.090	1.095	1.120	1.145	1.169	1.193	1.216	1.240	1.264	1.287	1.310	1.333	1.356	1.379
DSC - First & Second Mortgages	1.015	1.021	1.026	1.049	1.072	1.095	1.118	1.140	1.162	1.184	1.206	1.228	1.249	1.271	1.292
DSC - All Loans plus Fees	1.015	1.021	1.026	1.049	1.072	1.095	1.118	1.140	1.162	1.184	1.206	1.228	1.249	1.271	1.292
Financial Ratios															
Operating Expense Ratio	41%	42%	43%	44%	44%	45%	45%	46%	46%	47%	48%	48%	49%	49%	50%
Break-even Ratio	94%	94%	94%	92%	91%	90%	90%	89%	88%	87%	86%	86%	85%	85%	84%

Summer Lakes II Apartments (2005-005S/2005-510C)

Collier County

Description of Features and Amenities

- A.** The Development will consist of 276 garden apartment units located in 12 residential buildings.

Unit Mix:	12	One bedroom / one bath units containing a minimum of 705 square feet per unit of heated and cooled living area.
	112	Two bedroom / two bath units containing a minimum of 1,078 square feet per unit of heated and cooled living area.
	152	Three bedroom / two bath units containing a minimum of 1,275 square feet per unit of heated and cooled living area.
	276	Total units

The Development is to be constructed in accordance with the final plans and specifications approved by the appropriate city or county building or planning department or equivalent agency, and approved as reflected in the Pre-Construction Analysis prepared for Florida Housing or its Servicer, unless a change order has been approved in writing by Florida Housing or its Servicer. The Development will conform to requirements of local, state and federal laws, rules, regulations, ordinances, orders and codes, Federal Fair Housing Act and Americans with Disabilities Act ("ADA"), as applicable.

- B.** Each **UNIT** will be fully equipped with the following:

1. Air conditioning (window units are not allowed, however, through-wall units are permissible for rehabilitation)
2. Window treatments for each window
3. Termite prevention and pest control throughout the entire affordability period
4. Peephole on all exterior doors
5. Cable or satellite TV hook-up
6. Range, oven and refrigerator
7. At least two full bathrooms in all three bedroom or larger new construction units
8. Bathtub with shower in at least one bathroom in at least 90% of the new construction non-Elderly units

- C.** The Borrower has committed to provide the following features in each **UNIT**:

1. At least 1.5 bathrooms (one full bath and one with at least a toilet and sink) in all two bedroom new construction units
2. Microwave oven
3. Marble window sills
4. Dishwasher in all new construction units
5. Garbage disposal in all new construction units
6. Double compartment kitchen sink
7. Laundry hook-ups and space for full-size washer and dryer

D. The Borrower has committed to the following amenities in the **DEVELOPMENT**:

1. Exercise room with appropriate equipment
2. Community center or clubhouse
3. Swimming pool
4. Outside recreation facility (such as shuffleboard court, putting green, tennis court, full basketball court, volleyball court, etc.)
5. Thirty-year expected life roofing on all buildings
6. Exterior lighting in open and common areas
7. Computer lab on-site with minimum of one computer per 50 units, with basic word processing, spreadsheets and assorted educational and entertainment software programs, and at least one printer

E. The Borrower has committed to provide the following energy conservation features for all **UNITS** in the Development:

1. Air conditioning with SEER rating of 12 or better
2. Electric water heater with energy factor of .91 or better
3. Wall insulation of R-13 or better for frame-built construction
4. Attic insulation of R-30 or better
5. Ceiling fans in all bedrooms and living area in each unit

Excluding windows on doors and sidelights:

6. All windows single-pane with shading coefficient of .67 or better

- F.** The Borrower has committed to provide the following Resident Programs:
1. Welfare to Work or Self-Sufficiency Type Programs: The Borrower commits to actively seek residents who are participating in or who have successfully completed the training provided by these types of programs.
 2. First Time Homebuyer Seminars: Borrower or its Management Agent must arrange for and provide, at no cost to the resident, in conjunction with local realtors or lending institutions, semiannual on-site seminars for residents interested in becoming homeowners.
 3. Literacy Training: Borrower or its Management Agent must make available, at no cost to the resident, literacy tutor(s) who will provide weekly literacy lessons to residents in private space on-site.
 4. Job Training: Borrower or its Management Agent must provide, at no cost to the resident, regularly scheduled classes in keyboarding, computer literacy, secretarial skills or other useful job skills, which will be provided at least once each quarter. If the training is not provided on-site, transportation at no cost to the resident must be provided.
 5. Resident Activities: These specified activities are planned, arranged, provided and paid for by the Borrower or its Management Agent. These activities must be an integral part of the management plan. The Borrower must develop and execute a comprehensive plan of varied activities that brings the residents together and encourages community pride. The goal here is to foster a sense of community by bringing residents together on a regularly scheduled basis by providing activities such as holiday and special occasion parties, community picnics, newsletters, children's special functions, etc.
 6. Health and Nutrition Classes: At least eight hours per year, provided on site at no cost to the residents.
 7. Swimming Lessons: The Borrower or its Management Agent must provide on-site swimming lessons for children or adults, at no cost to the resident, at least twice a year.
 8. Life Safety Training: The Borrower or its Management Agent must provide courses such as fire safety, first aid (including CPR), etc., on-site, at least twice each year, at no cost to the resident.

COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT

NAME: SUMMER LAKES II APARTMENTS

DATE: May 25, 2006

In accordance with the applicable Program Rule(s), the Applicant is required to submit the information required to evaluate, complete, and determine its sufficiency in satisfying the requirements for Credit Underwriting to the Credit Underwriter in accordance with the schedule established by the Florida Housing Finance Corporation ("FHFC"). The following items must be satisfactorily addressed. "Satisfactorily" means that the Credit Underwriter has received assurances from third parties unrelated to the Applicant that the transaction can close within the allowed time frame. Unsatisfactory items, if any, are noted below and in the "Issues and Concerns" section of the Executive Summary.

FINAL REVIEW	STATUS	NOTE
REQUIRED ITEMS:	Satis. / Unsatis.	
1. The development's final "as submitted for permitting" plans and specifications. Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing.	Satis.	
2. Final site plan and/or status of site plan approval.	Satis.	
3. Permit Status.	Satis.	
4. Pre-construction analysis ("PCA").	Satis.	1
5. Survey.	Satis.	
6. Complete, thorough soil test reports.	Satis.	
7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
8. Market Study separate from the Appraisal.	Satis.	
9. Environmental Site Assessment – Phase I and/or the Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status.	Satis.	
10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in Rule for credit enhancers, applicant, general partner, principals, guarantors and general contractor.	Satis.	
11. Resumes and experience of applicant, general contractor and management agent.	Satis.	
12. Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
13. Management Agreement and Management Plan.	Satis.	2
14. Firm commitment from the credit enhancer or private placement purchaser, if any.	Satis.	
15. Firm commitment letter from the syndicator, if any.	Satis.	
16. Firm commitment letter(s) for any other financing sources.	Satis.	
17. Updated sources and uses of funds.	Satis.	

COMPLETENESS AND ISSUES CHECKLIST

FINAL REVIEW	STATUS	NOTE
REQUIRED ITEMS:	Satis. / Unsatis.	
18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Satis.	
19. Fifteen-year income, expense, and occupancy projection.	Satis.	
20. Executed general construction contract with "not to exceed" costs.	Satis.	
21. HC ONLY: 35% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	Satis.	3
22. Any additional items required by the credit underwriter.	Satis.	

8/14/03

NOTES AND DEVELOPER RESPONSES:

1. Consultech prepared a revised PCA, dated June 9, 2005 for Citibank the credit enhancer for the first mortgage bonds. The Underwriter has received a reliance letter indicating First Housing may rely on the report, from Citibank. In order to ensure that the features & amenities selected for the SAIL and HC Programs are being met, First Housing is requiring a revised PCA prior to closing.
2. The Applicant has submitted a management agreement dated May 24, 2005 that reflects management fee of 5% of gross receipts. However, the developer has indicated that they are renegotiating the agreement with the management company at 4% plus an incentive fee of up to 1%. The Underwriter has used the 4% fee in calculating operating expenses. First Housing is requiring satisfactory receipt and review of the new management agreement prior to closing.
3. As of the 11th draw in May 2006, \$4,045,246 (or 45% of the total HC equity) has been drawn on the project. This satisfies FHFC requirement that at least 35% of the HC equity must be funded to the development prior to construction closing.

Applicant's
Response:

HC Allocation Calculation***Qualified Basis Calculation***

Total Development Cost (including land and ineligible costs)	\$35,556,105
Less Land Costs	\$5,579,469
Less Federal Grants & Loans	0
Less Other Ineligible Costs	\$2,010,547
Less Disproportionate Standard	0
Total Eligible Basis	\$27,966,089
Applicable Fraction	100.00%
QCT Basis Credit	100.00%
Qualified Basis	\$27,966,089
Housing Credit Percentage	3.61%
Annual Housing Credit Allocation	\$1,009,576

Notes to the Qualified Basis Calculation:

1. Other ineligible costs include brokerage fees, accounting, legal and other fees attributable to land acquisition and syndication, advertising/marketing fees, operating reserves required by lender, the lease up portion of construction interest and certain costs of bond issuance items.
2. The development has a 100% set-aside; therefore, the Applicable Fraction is 100%.
3. For purposes of this analysis, the development is not located in a Difficult Development Area ("DDA") and/or Qualified Census Tract ("QCT"); therefore the 100% basis credit was applied.
4. Per Florida Housing Rule 67-48.026 – Housing Credit Procedures, Part (8), Section (a) 2., 15 basis points are added to the actual percentage 3.46% reported as of the Date of Invitation to Credit Underwriting for Housing Credits. For purposes of this report, a total Housing Credit Percentage of 3.61% is applied. This estimate considers current rates that are in effect.

GAP Calculation

Total Development Cost (including land and ineligible costs)	\$35,556,105
Less Mortgages	\$25,000,000
Less Grants	\$0
Equity Gap	\$10,556,105
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$0.9400
HC Required to meet Equity Gap	\$11,231,022
Annual HC Required	\$1,123,102

Notes to the Gap Calculation:

1. For purposes of the Gap Calculation, the proposed SAIL Program Loan amount (\$3,000,000) was included.

Tax Credit 50% Test

Tax-Exempt Bond Amount	\$22,000,000
Plus: Investment Income from Tax-Exempt Bond Proceeds	\$0
Less: DS Reserve Funded With Tax Exempt Bond Proceeds	\$0
Less: Cost of Issuance Funded With Exempt Bond Proceeds	\$0
Equals Net Tax-Exempt Bond Amount	\$22,000,000
Total Depreciable Cost	\$27,966,089
Plus Land Cost	\$5,579,469
Aggregate Basis	\$33,545,558
Net Tax-Exempt Bond To Aggregate Basis Ratio: (50% Test)	65.582%

Notes to the Tax Credit 50% Test:

1. Based upon the analysis presented above, the development appears to meet the 50% test.

Summary

HC Per Applicant's Syndication Agreement	\$947,126
HC Per Qualified Basis	\$1,009,576
HC Per GAP Calculation	\$1,123,102
Annual HC Recommended	\$1,009,576
Syndication Proceeds based upon Annual HC Recommended	\$9,489,065

Notes to the Summary:

1. The estimated annual HC is based on the Qualified Basis Calculation.